

BRIGADE CLO PLATFORM



BRIGADE  
CAPITAL MANAGEMENT

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# EXECUTIVE SUMMARY<sup>1</sup>

- Brigade was founded in 2006 and is led by Donald E. Morgan III, CIO and Managing Partner.
- Brigade manages approximately \$20.1 billion in assets across multiple credit strategies.
- Headquartered in New York with affiliated offices in London, Tokyo, and Sydney.
- 111 professionals globally, including a 47-person investment team.
- 22 employee/member equity partners who have each made a significant investment in the Brigade funds.

- 30 person global credit research team with deep sector expertise and experience across multiple credit cycles in the leveraged finance market.
- Bottom-up, fundamental research-based process focused on free cash flow generation and asset coverage.
- Team of 12 traders globally, including 1 dedicated loan trader, with strong capital market relationships.
- Actively trading the portfolio based on price target upside/downside to build par and optimize WAS, WARF and Diversity.
- In-house developed software, Themis, allows PMs to monitor portfolio on a line item basis, track deal statistics, run hypothetical trades, and give orders to our traders.

- Brigade has issued 15 CLOs<sup>2</sup> and currently manages \$5.3bn<sup>3</sup> in CLOs across 12 active transactions<sup>4</sup>, globally.
- Brigade's first CLO was issued in July 2007. Brigade's first European CLO was issued in July 2017.
- Jared Worman was appointed CLO Portfolio Manager in July 2016. Mr. Morgan, Brigade's CIO, remains actively involved in the Brigade CLO management process.
- Mr. Worman leverages Brigade's expertise in corporate credit research and structured credit analysis to build out the firm's long term CLO management franchise.
- \$846mm flagship structured credit fund launched in August 2014. The firm has successfully invested in cash and synthetic structured products since 2008.
- Approximately \$1.5bn in CLO tranche investments managed across the firm's various strategies.
- Brigade's first CDO closed in March 2018. This \$400mm deal invests in both US loans and bonds.

<sup>1</sup> Data is as of 7/1/2018.

<sup>2</sup> Includes 12 US CLOs, 2 European CLOs and 1 US CDO.

<sup>3</sup> CLO AUM depicts the notional amount of debt outstanding to investors as of 4/30/2018.

<sup>4</sup> Includes 9 US CLOs, 2 European CLOs and 1 US CDO.



# THE BRIGADE CREDIT PLATFORM<sup>1</sup>

Currently managing over \$5.3bn<sup>2</sup> in total collateralized loan obligations while leveraging the scope of a \$20.1bn<sup>1</sup> credit platform

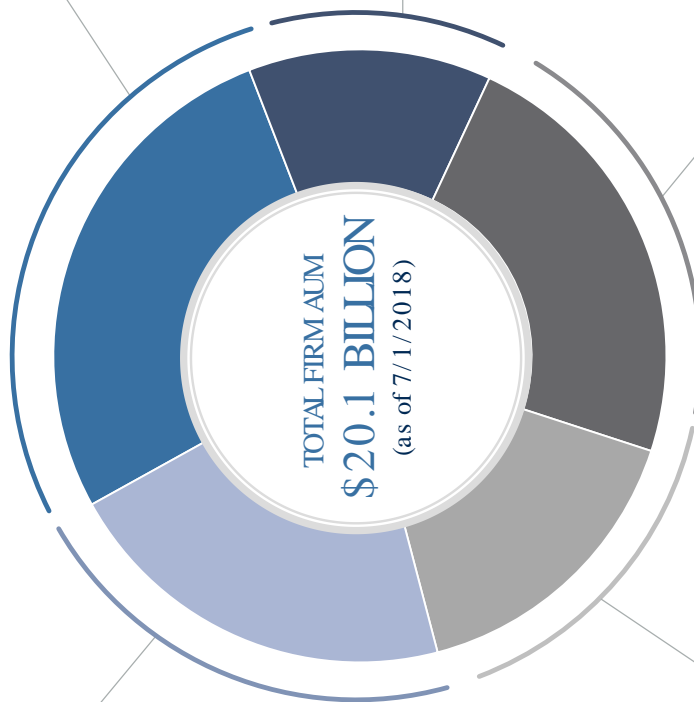
## COLLATERALIZED LOAN OBLIGATIONS

Battalion Series (U.S.)  
Armada Series (EUR)  
Brigade Debt Funding Series  
\$5.3bn<sup>2</sup>

## OPPORTUNISTIC CREDIT

Commingled Fund  
Managed Accounts  
\$5.1bn

Exhibit A  
Page 4 of 9



CUSTOMIZED CREDIT MANDATES  
Managed Accounts  
\$2.4bn

## LONG-ONLY HIGH YIELD

Managed Accounts  
\$3.0bn

## HEDGE FUNDS

Long/Short Credit Fund  
Structured Credit Fund  
Distressed Value Fund  
Energy Opportunities Funds  
Managed Accounts  
\$4.5bn

<sup>1</sup> AUM is as of 7/1/2018.

<sup>2</sup> CLO AUM depicts the notional amount of debt outstanding to investors as of 4/30/2018. Includes 8 US CLOs, 2 European CLOs and 1 US CDO.



# BRIGADE CREDIT STRATEGIES

Approximately \$13 billion, or over 66%, of AUM is dedicated to long only/long biased credit strategies

Strategy	Credit Absolute Return Long/Short	Corporate Structured Credit Long/Short	Distressed/Stressed Credits Long/Short	Energy Long/Short	Long Biased Credit, Macro short (when applicable)	High Yield and Other Long Only Strategies	CLO Collateral Manager
<b>Fund/Strategy</b>	Brigade Leveraged Capital Structures Fund	Brigade Structured Credit Strategy	Brigade Distressed Value Fund	Brigade Energy Opportunities Funds I & II ("Fund I" & "Fund II")	Opportunistic Credit Strategy	Long Only Accounts	CLO Battalion and Armada Series
<b>AUM<sup>8</sup> 7/1/2018</b>	\$2.5bn	\$1bn	\$236mm	\$403mm (Fund I); \$183mm (Fund II)	\$5.1bn	\$3.0bn	\$5.3bn <sup>8</sup>
<b>Inception Date</b>	1/1/2007	8/1/2014	1/1/2011	5/1/2015	3/1/2009	4/1/2009	7/1/2007
<b>Annualized Return IIR<sup>1</sup> 6/30/2018</b>	5.96% <sup>2</sup>	7.85% <sup>3</sup>	6.36% <sup>4</sup>	6.30% <sup>5</sup>	6.82% <sup>6</sup>	12.92% <sup>7</sup>	-

<sup>1</sup> The presented net returns assume the reinvestment of all earnings. The 2018 returns were prepared based on unaudited estimates, and the 2007-2017 returns were prepared based on audited financial statements. The returns reflected herein include both realized and unrealized gains and losses.

<sup>2</sup> Brigade Leveraged Capital Structures Fund LP

<sup>3</sup> Brigade Structured Credit Fund LP

<sup>4</sup> Brigade Distressed Value Fund LP

<sup>5</sup> Brigade Energy Opportunities Fund LP

<sup>6</sup> Brigade Credit Fund III LP

<sup>7</sup> Brigade Traditional High Yield Strategy Representative Account

<sup>8</sup> CLO AUM depicts the notional amount of debt outstanding to investors as of 6/30/2018. Includes 9 US CLOs, 2 European CLOs and 1 US CDO.

<sup>9</sup> Excludes \$2.4bn of additional AUM in other separately managed accounts.



## BRIGADE INVESTMENTS <sup>1</sup>

Brigade manages approximately \$8.6 billion in leveraged loans across the spectrum of Brigade investment strategies

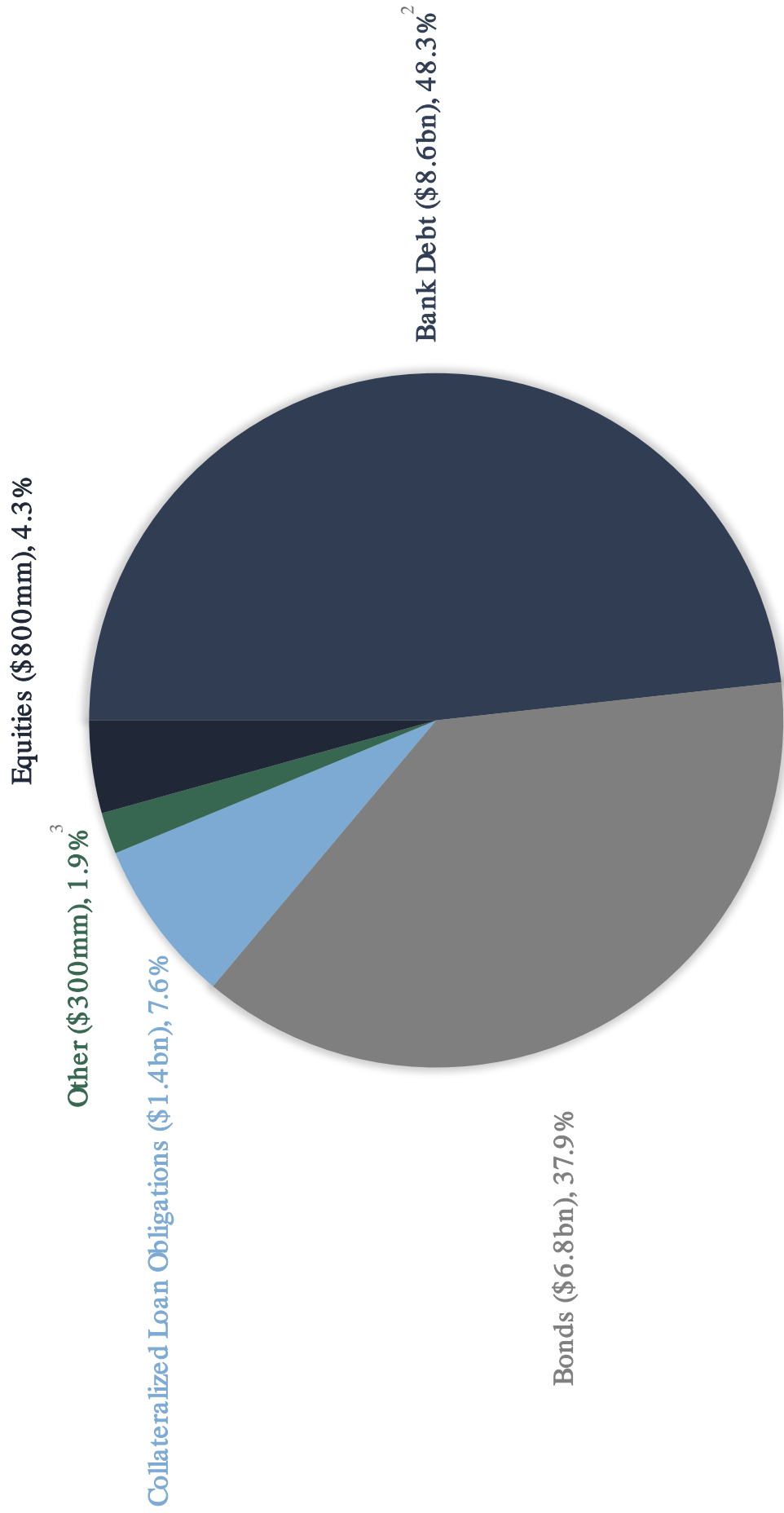


Exhibit A  
Page 6 of 9

<sup>1</sup> Firm wide AUM is as of 6/30/2018. Excludes Cash.

<sup>2</sup> Bank Debt invested AUM includes the value of investments held within Collateralized Loan Obligations that are in warehousing.

<sup>3</sup> Other includes ABS, Synthetic Credit and Other Assets



# BRIGADE INVESTMENT TEAM<sup>1</sup>

**DONALD E. MORGAN III, CFA**

MANAGING PARTNER

Chief Investment Officer

25 years

**JARED WORMAN**

CLO PORTFOLIO MANAGER

16 years

## STRATEGY HEADS

- Steve Bleier, Co-PM Structured Credit, Co-Head of Trading, 20 Years
- Dylan Ross, Co-PM Structured Credit, Trader, 12 Years
- Ivan Krsticevic, PM of Distressed, Head of Distressed Research, 22 Years
- Doug Pardon, PM of Opportunistic Credit and Long Only High Yield, 17 Years
- Gregory Soeder, Head of Portfolio Strategy, 21 Years
- J. Carney Hawks, PM of Energy, Head of Special Situations, 22 Years
- Thomas O'Shea, Head of European Investments, 22 Years

**Raymond Carson**  
Healthcare  
23 Years

**Niall Sheehan**  
European Industrials  
17 Years

**Matthew Peralta**  
Retail & Consumer Products  
10 Years

**Patrick Robb**  
Gaming, Homebuilding  
& Autos  
6 Years

**John Baylis**  
Media & Cable  
21 Years

**Kensuke Fushitani**  
Asian Markets  
17 Years

**Max Scherr**  
Financials  
10 Years

**Tyler Williams-Sinclair**  
Technology & Media  
5 Years

**Simon Baukh**  
Australia  
20 Years

**Matthew Vodola**  
Distressed  
13 Years

**Patrick Evans**  
Credit Attorney  
9 Years

**Colin Howard**  
Healthcare  
5 Years

**Scott Hoffman**  
Energy/Power  
18 Years

**Nail Jacob**  
European Retail &  
Consumer Products  
13 Years

**Adam Trusley**  
Industrials &  
Special Situations  
9 Years

**Sandro Carissimo**  
Chemicals & Gaming  
3 Years

**Christopher Chaice**  
Senior Credit Attorney  
18 Years

**Luc-Antoine Lebard**  
European Technology,  
Media & Telecom  
12 Years

**Cecil Boex**  
Europe  
7 Years

**Emily Keinz**  
Senior Portfolio Analyst  
10 Years

**Kunal Banerjee, CFA**  
Chemicals  
18 Years

**Meagan Bennett**  
Airlines, Power &  
Oil Services  
12 Years

**Doug Ingraham**  
Aviation  
7 Years

**Rob Lefkowitz, CFA, CMAA, FRM**  
Director of Risk  
24 Years

**Sumit Sablok**  
Technology  
18 Years

**David You**  
Distressed  
11 Years

**Akshay Nagia**  
Energy & Power  
7 Years

**Siddhartha Dastidar, PhD**  
Risk Officer  
14 Years

**Kunal Banerjee, CFA**  
Chemicals  
18 Years

**Meagan Bennett**  
Airlines, Power &  
Oil Services  
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# BRIGADE CLOs OUTSTANDING<sup>1</sup>

Deal Name	Closing Date	Reinvestment End Date	Current Liability Balance <sup>3</sup>	WAS <sup>4</sup>	WARF	Diversity Score	Weighted Average Facility Size (mm)	Second Lien	Equity NAV <sup>5</sup>	Change In NAV (Last 12 months)
EFFECTIVE										
Battalion 5 <sup>6</sup>	4/24/2014	4/17/2018	\$416,500,000	N/A	N/A	N/A	N/A	N/A	29.2	11.8
Battalion 6 <sup>6</sup>	10/16/2014	10/17/2018	\$461,100,000	N/A	N/A	N/A	N/A	N/A	28.9	13.1
Battalion 7	11/19/2014	10/17/2018	\$411,500,000	3.54	2.855	61	\$1,160	1.31%	37.8	7.0
Battalion 8	4/9/2015	7/18/2022	\$505,775,000	3.65	2.887	75	\$1,299	1.08%	65.1	3.0
Battalion 9	7/29/2015	7/15/2020	\$509,200,000	3.61	2.897	73	\$1,284	1.10%	54.6	3.6
Battalion 10	12/8/2016	1/24/2021	\$404,300,000	3.55	2.734	71	\$1,291	1.31%	87.8	(1.6)
Battalion 11	9/21/2017	10/24/2021	\$651,750,000	3.55	2.719	71	\$1,250	1.24%	76.9	N/A
Battalion 12	5/16/2018	5/17/2023	\$612,000,000	3.56	2.788	71	\$1,226	1.26%	70.1	N/A
Armada 1 <sup>2</sup>	9/21/2017	10/24/2021	\$430,922,997	3.58	2.740	46	€596	0.00%	63.0	N/A
BDF 1 <sup>7</sup>	3/14/2018	N/A	\$408,100,000	4.97	3.112	66	\$1,059	2.32%	90.0	N/A
TOTAL			\$4,811,147,997							
NOT YET EFFECTIVE										
Armada 2 <sup>2</sup>	4/26/2018	5/15/2022	\$480,487,334	3.57	2.726	45	€85	0.00%	N/A	N/A
TOTAL			\$480,487,334							
GRAND TOTAL			\$5,291,635,331 <sup>8</sup>							

<sup>1</sup> Source: Themis. Brigade internal system, as of 6/30/2018. The above information is given in relation to previous Brigade CLO issuances. CLO issuances that are in a post-reinvestment period have been excluded. CLO issuances have varied and these examples are not reflective of all past or future CLO portfolio construction or performance. Future CLO issuances, construction, and performance will vary from the above examples.

<sup>2</sup> Armada deals are managed by Brigade's controlled affiliate in the UK, Brigade Capital Europe Management LLP.

<sup>3</sup> Current liability balance shown in USD.

<sup>4</sup> WAS incorporates spread, fixed coupons and loan floor (when it is above LIBOR for Battalion deals and EURIBOR for Armada deals).

<sup>5</sup> Equity NAV not meaningful until effective date.

<sup>6</sup> Battalion 5 and Battalion 6 are in the process of being redeemed.

<sup>7</sup> BDF 1 refers to Brigade Debt Funding 1, Brigade's first CBO.

<sup>8</sup> CLO AUM depicts the notional amount of debt outstanding to investors as of 6/30/2018.





## CLO INVESTMENT PROCESS: INVESTMENT SUMMARY

Portfolio is rotated to opportunities identified by fundamental research and experience with credit cycle conditions

### FUNDAMENTAL RESEARCH

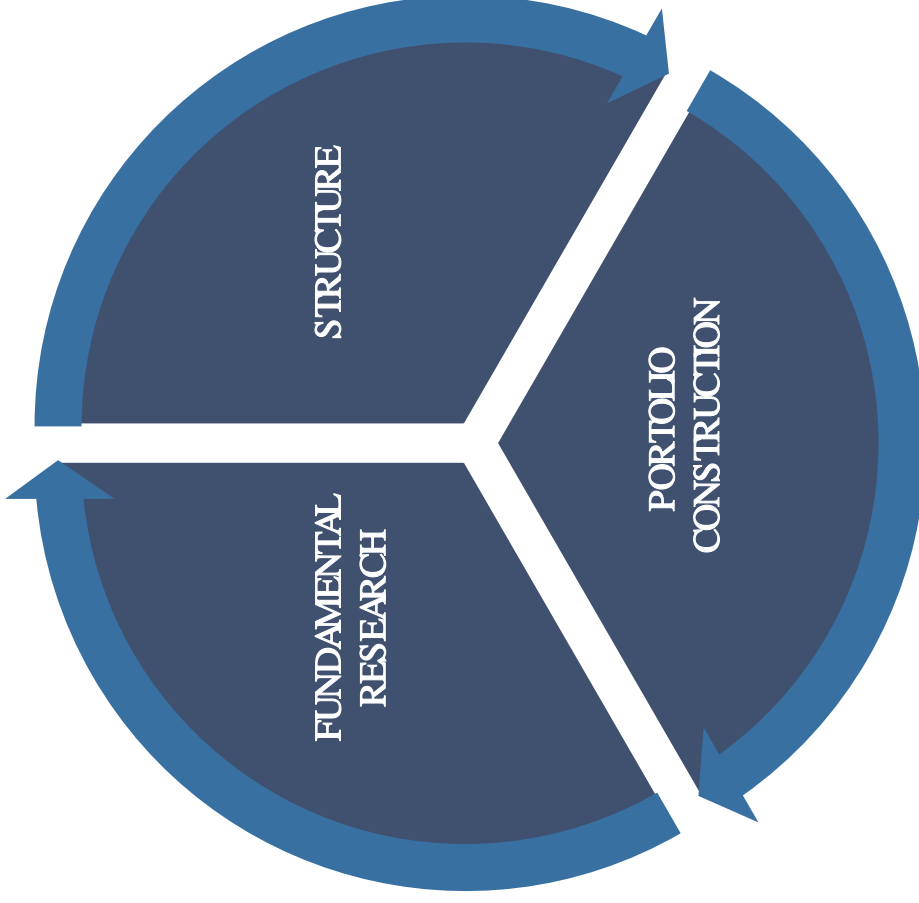
- Rely on strength of credit research team, over half of which has more than a decade of experience covering specific sectors
- Rigorous modeling and discussion with PM before positions are initiated
- Focus on free cash flow, asset coverage, and downside protection in assessing relative value
- Key criteria include: strength of management, barriers to entry, history through the cycle, and credit documents
- Experienced team willing to take on an active role in structuring more difficult deals

### STRUCTURE

- Deep understanding of different investor objectives
- Balanced approach to portfolio management focused on par build
- Rigorous modeling of ratings, default, and price scenarios

### PORTFOLIO CONSTRUCTION

- Balanced single-name approach based on credit research, relative value, and rating
- Focus on liquid loans traded by large bracket banks
- Daily monitoring of line items by proprietary Brigade rating system and target exposure
- Diversify exposure at issuer, industry and geography levels
- Conservative but active management, limiting use of second liens and CCC's, with a focus on building par



While Brigade generally expects to adhere to the above exposures during normal market conditions, such exposures are targets and not investment restrictions. Brigade may modify its portfolio exposure targets at any time and in any manner which it believes is consistent with its overall investment objective in response to market conditions or other factors without notice to investors or clients.

